Packaging

> *By the end of this session, you will be able to:*
>
> • *identify the different packaging models,*
>
> • *package a student's Title IV aid, and*
>
> • *hand calculate award packages.*

INTRODUCTION

In this session, you will learn and apply the concepts of packaging student financial aid.

WHAT IS PACKAGING?

Please turn to page 2 of your Workbook. **Packaging is the process of awarding the best combination of financial aid to meet a student's financial need.** This combination of financial aid includes Title IV aid, as well as grants and scholarships from outside resources.

PW 2

EDExpress contains an electronic packaging module in a Windows environment. This module interacts with other databases within Electronic Data Exchange (EDE) to retrieve relevant data to construct an aid package.

While the benefits of an electronic version are clear, you still need to understand how to package by hand to estimate a student's package or change a constructed package. So, in this session, we'll focus on hand calculating award packages.

Packaging has three main steps: (OH 1)

1

■ determine the student's need;

■ subtract the estimated Pell Grant award from need; and

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■ apply available financial aid resources to try to meet the remaining need.

The overhead demonstrates the result of these steps. Bruce has need calculated at $5,000 (Step 1). His Pell Grant is $1,000, leaving him with $4,000 of unmet need (Step 2). His school was then able to combine a non-Title IV scholarship of $1,000, campus-based aid totaling $1,000, and a $2,000 Direct Subsidized Loan to meet his remaining need (Step 3). (OH 2)

> 2
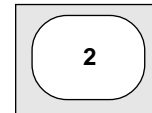
Now let's look at a packaging worksheet that incorporates the three steps we just listed. Please turn to page 5 of your Workbook.

PW 5

■ In Step 1, the cost of attendance used to determine the Pell Grant is always based on full-time enrollment.

■ Step 2 subtracts the student's Pell Grant amount from the student's need.

■ Step 3 considers all other sources of aid besides Pell Grant. The order in which you choose other aid—or build the remainder of the student's package—can vary, based on the packaging model you follow.

We will discuss packaging models in a few minutes. First, fill out the packaging worksheet for Jeannette on page 5 of your Workbook using the information from page 4 of your Workbook. Assume that she is enrolled full time.
[IG, pg. 11]

PW 5
PW 4

» Allow participants 2 minutes to complete the packaging worksheet before reviewing answers with them.

Exercise — Jeannette:

Cost of Attendance	=	$6,300
EFC	=	1,800
Calculated Pell Amount	=	$1,250

Other Aid Resources:

Big State Chess Scholarship	=	$1,000
FSEOG	=	$ 800
Direct Subsidized Loan	=	$1,450

Now you have created a financial aid package for Jeannette. Are there any questions so far?

PACKAGING REQUIREMENTS

We are now back to page 2 of your Workbook. While schools are allowed to create their own packaging policies, you still must consider some important issues. Among these, a school's packaging policy must comply with all relevant federal requirements, such as student eligibility criteria and maximum and minimum award amounts. And, of course, a student does not have to accept all or even part of a financial aid package put together by the school.

PW 2

Federal Requirements and Considerations

A school must have written, published procedures for awarding all available aid, including federal, state, and institutional financial aid. The policies must be uniformly applied and maintained in the school files.

A school must make its campus-based funding reasonably available to all eligible students.

When developing a packaging policy, a school should keep in mind the following important factors:

■ **The length and type of different programs of study**. The total cost of attendance may vary among programs—and, therefore, among students.

■ **The amount of funding available**. Federal Pell Grant funds, for example, will be available for all eligible

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students, but campus-based funds are allocated to schools in limited amounts.

■ **Title IV maximum and minimum awards**. There are upper and lower annual award limits for each federal aid program (except Federal Work-Study) and lifetime limits on all programs except Federal Pell, FSEOG, and Federal Work-Study.

■ **Priorities in awarding aid to certain students**. Groups such as first-year or continuing students, disabled students, remedial students, and early or late applicants may merit specific award policies.

■ **Priorities in awarding from different Title IV programs**.

- When an applicant is eligible for a Pell Grant, the Federal Pell Grant is **always** awarded before any other federal student aid. (OH 3)

  > **3**

- Outside awards, such as private scholarships, also are considered before funds from any other federal aid programs are considered.

- FSEOG* funds **must first be awarded** to students with the lowest EFCs who will also receive Federal Pell Grants in that award year. (OH 4)

  > **4**   * see 676.10

  ◆ If any FSEOG funds remain, then students with the lowest EFCs who are not eligible for Pell Grants should receive the funds.

- To make FSEOG funds reasonably available to all eligible students, a school must plan for FSEOG funds to be available for the start dates of all periods of enrollment during an award year.

- Federal Perkins Loans cannot be awarded, and Direct Loan and FFEL Program loan applications cannot be certified, **unless** the student's Pell Grant

eligibility has been determined, and, if eligible, the student has applied for a Pell Grant.

■ **Student debt burden**. Students with high debt or with less chance of successful course-completion merit special attention.

  • To reduce the risk and cost of default, aid sources other than loans should be used, if available.

■ **Possible overawards**. As stated previously, an aid package plus all other estimated financial assistance must not exceed the student's financial need.

Do you have any questions?

PACKAGING MODELS

Schools can package financial aid in a variety of ways, as long as the school follows federal guidelines.

The chart on page 3 of your Workbook contains seven packaging models. You may use any one of these, a combination of these, or create a completely different model. [IG, pg. 10]

PW 3

We're going to practice packaging student aid in a moment. But first, take a few minutes to read over the chart.

» Allow participants 2 minutes to read the chart.

Packaging Questions

Now, on page 6 of your Workbook, there are a few questions dealing with what you studied on the chart. Take a few minutes to answer the questions.

PW 6

» Allow participants 2 minutes to complete the exercise.

  Q1: **Why could first-come, first-served *not* be used at a school awarding FSEOG?**

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A1: The limited funds would run out before everyone had an opportunity to take advantage of the grant money. Also, making FSEOG reasonably available throughout the year for rolling admissions (as schools are required to do) would be difficult.

Q2: What model might allow a student living at school a higher maximum FSEOG than a student living at home?

A2: The fixed percentage equity model bases maximum gift aid on COA, so a student living at school would have a higher COA than student living at home.

Q3: Which three models treat all students equally, regardless of COA or when they enroll?

A3: The ladder model, self-help model, and absolute equity model treat all students equally.

Are there any other questions about packaging?

Now you will have a chance to practice packaging sample students using a different type of packaging model for each. Please complete the case studies that appear on pages 7 and 8 of your Workbook using the worksheets on pages 9 and 10. [IG, pgs. 12-13]

PW 7-10

PACKAGING CASE STUDIES

Case Study 1: Ladder Model & Self-Help Model

David is a half-time undergraduate student. His financial situation is as follows:

Cost of Attendance	=	$4,025
EFC	=	298
Pell Grant	=	$1,375

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Campus- based aid	=	(up to $1,000 available for FSEOG, up to $3,000 available for a Perkins Loan, and up to $500 available for Federal Work-Study)
Glee Club Scholarship	=	$500

Please construct David's financial aid package using the ladder model.

Additional question:

Q: What would be the difference in David's package if the self-help model were used?

Case Study 2: Absolute Equity Model

Anne is a full-time, third-year student. Her school has set a maximum gift-aid award at $500. Her financial situation is as follows:

Cost of Attendance	=	$7,300
EFC	=	2,000
Pell Grant	=	$1,050
Young Scientist's Scholarship	=	$ 500
Campus-based aid	=	(only FSEOG available)
FFEL	=	up to $5,500 (This could be subsidized, unsubsidized, or a combination of both.)

Please construct Anne's financial aid package using the absolute equity model.

Q: Considering the high EFC for Anne, how might federal regulations dealing with FSEOG and

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packaging dictate the amount the school can actually offer her?	

» The completed packaging worksheets are on pages 13 and 14 of this Guide.

Case Studies Solution

Let's discuss the answers to the case studies.

» Solicit answers from participants.

Case Study 1:

The breakdown of David's package is as follows: (OH 5)

■ Non-Title IV aid, the $500 Glee Club Scholarship, is considered first after Pell.

■ The other source of gift aid, FSEOG, is next at $1,000.

■ Finally, a combination of FWS and Perkins Loan at $852 completes the package, with FWS not exceeding $500.

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    Q: **Considering the high EFC for Anne, how might federal regulations dealing with FSEOG and packaging dictate the amount the school can actually offer her?**

    A: **Federal regulations require that Pell Grant recipients with the lowest EFCs should be given priority over those with higher EFCs and those without Pell eligibility. This could influence the FSEOG award, depending on other students' EFCs.**

Are there any other questions about packaging?

While these models are suggested, an institution may use any packaging method. What are some of your experiences with these models or other models?

» Ask participants to share some experiences.

BACK AT THE OFFICE

When you return to your office, you should make sure that your institution has a written policy for packaging Title IV aid. Practice packaging and repackaging sample students when one of the elements in the packaging calculation changes. Also, create procedures for communicating student awards to the business office and for informing students of their award packages.

PW 11

What else should you do when you return to your office?

Packaging Models

Model	Order of Packaging	Special Notes
Ladder	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* attempt to meet all student need without resorting to loans or FWS
Self-Help	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid (if needed)	* attempt to promote self-help as primary means of meeting need
Absolute Equity	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid equal for all students
Fixed Percentage Equity**	1) Pell 2) External/private 3) Gift aid* 4) Self-help aid	* maximum dollar amount of gift aid based on percentage of each student's COA
Individual Basis	1) Pell 2) Varies by student	
First-Come, First-Served	1) Pell 2) External/private 3) Self-help aid* 4) Gift aid*	* student funded to the maximum need from all sources until funds are exhausted
Special Groups	1) Pell 2) Varies by groups of students*	* for example, athletes on partial scholarships

**Once the COA is multiplied by the school's equity percentage, the Pell Grant and any outside aid must be subtracted before gift aid is determined.

PACKAGING WORKSHEET
Exercise

Student Name: _Jeannette_

Date Enrollment will Begin : _8/20/98_

STEP ONE: (Calculating Need)

$$\frac{\$6,300}{\text{COA}} - \frac{1,800}{\text{EFC}} = \frac{\$4,500}{\text{Need}}$$

STEP TWO: (Subtracting Pell)

$$\frac{\$4,500}{\text{Need}} - \frac{\$1,250}{\text{Pell}} = \frac{\$3,250}{\text{Remaining Need}}$$

STEP THREE: (Creating Package)

Remaining Need: _$3,250_

Aid Type	Amount	Remaining Need
Scholarship	$1,000	$2,250
FSEOG	$ 800	$1,450
Direct Subsidized Loan	$1,450	$ 0

PACKAGING WORKSHEET

Case Study #1

Student Name: _David_

Date Enrollment will Begin : _8/20/98_

STEP ONE: (Calculating Need)

$$\frac{\$4,025}{\text{COA}} - \frac{298}{\text{EFC}} = \frac{\$3,727}{\text{Need}}$$

STEP TWO: (Subtracting Pell)

$$\frac{\$3,727}{\text{Need}} - \frac{\$1,375}{\text{Pell}} = \frac{\$2,352}{\text{Remaining Need}}$$

STEP THREE: (Creating Package)

Remaining Need: _$2,352_

Aid Type	Amount	Remaining Need
Glee Club	$ 500	$1,852
FSEOG	$1,000	$ 852
FWS/Perkins	$ 852	$ 0
(Answers will vary as long as FWS doesn't exceed $500)		

Additional Question: What would be the difference in David's package if the self-help model were used?

The FWS and/or Perkins Loan would be considered before FSEOG.

PACKAGING WORKSHEET

Case Study #2

Student Name: _Anne_

Date Enrollment will Begin : _8/20/98_

STEP ONE: (Calculating Need)

$$\frac{\$7,300}{\text{COA}} - \frac{2,000}{\text{EFC}} = \frac{\$5,300}{\text{Need}}$$

STEP TWO: (Subtracting Pell)

$$\frac{\$5,300}{\text{Need}} - \frac{\$1,050}{\text{Pell}} = \frac{\$4,250}{\text{Remaining Need}}$$

STEP THREE: (Creating Package)

Remaining Need: _$4,250_

Aid Type	Amount	Remaining Need
Young Scientist's	$ 500	$3,750
FSEOG	$ 500	$3,250
Subsidized FFEL	$3,250	$ 0

Additional Question: Considering the high EFC for Anne, how might federal regulations dealing with FSEOG and packaging dictate the amount the school can actually offer her?

Federal regulations require that Pell Grant recipients with the lowest EFCs should be given priority over those with higher EFCs and those without Pell eligibility. This could influence the FSEOG award, depending on other students' EFCs.